



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

SEP 9 1980

WMUR:PJG
Docket No. 40-3453
License No. SUA-917, Amendment No. 2

Atlas Minerals
ATTN: Mr. Gordon Swanby
P. O. Box 1207
Moab, Utah 84532

Gentlemen:

The purpose of this letter is to confirm telephone agreements by your Mr. Edward R. Farley and myself on July 7, 1980, and to amend Source Material License No. SUA-917 accordingly.

The conversation of July 7 concerned two extremely important issues: (1) the riprapping of Moab Wash to protect the tailings pile at your Moab Mill from the effects of a probable maximum flood, and (2) the acquirement of surety arrangements deemed acceptable by the NRC to cover the costs of reclamation and decommissioning. Agreement was reached during our conversation that Atlas would provide for interim riprapping of Moab Wash within the time frame specified in the former Condition No. 16 of your license, and obtain surety arrangements acceptable to the NRC to cover the cost of upgrading the riprap to the specifications contained in that same condition, including appropriate toe treatment, as well as the cost for final reclamation and decommissioning.

With regard to riprapping Moab Wash, our objective is to eliminate the need for an ongoing, active maintenance program following reclamation. We feel that the riprapping design parameters agreed to during our meeting of December 20, 1978, and incorporated into the former Condition No. 16, are appropriately conservative (that is, conservative factors of safety were employed in design) to ensure the stability of the tailings pile over the long term. We do feel, however, that there are interim measures that could be implemented to provide the needed protection of the tailings pond from a PMF magnitude storm during operation, when Atlas personnel would be available for maintenance.

Therefore, in lieu of completing the placement of full riprap on the tailings impoundment as noted in the former Condition No. 16, we would accept an interim plan to riprap Moab Wash at the mill site that will protect the tailings pile during the operating life of the mill. This is to be completed by April 30, 1982.

R. Daniels
File Copy - Atlas
Minerals Moab
Uranium Mill.
Route a copy.
Copy to Dennis
Dalley at Ut. Env.
Health.

ACT/019/003

RECEIVED
SEP 15 1980

DIVISION OF
OIL, GAS & MINING

The total riprap program as defined in Condition No. 16 will be part of your final decommissioning and reclamation plan to be completed at the cessation of mill operations. This will have the effect of protecting the reclaimed tailings pile from the erosional effects of a PMF down Moab Wash for the long time frame.

As we also agreed, acceptable surety arrangement covering the final decommissioning and reclamation program, including the final riprap placement, shall be submitted to the NRC no later than November 30, 1980.

Accordingly, pursuant to Title 10, Code of Federal Regulations, Part 40, Source Material License No. SUA-917 is hereby amended to require the placing of riprap on Moab Wash and the obtaining of surety arrangements to cover the cost of reclamation and decommissioning activities by revising Conditions No. 16, 22, and 24 to read as follows:

16. The licensee shall, by April 30, 1982, complete the installation of riprap protection for the tailings dam along Moab Wash, as specified in the submittal dated December 3, 1979, with the following exceptions:
 - a) A factor of safety of 1 may be used to redesign the riprap required upstream of Section B, as shown on Exhibit H of the licensee's submittal dated October 3, 1978, during the period of ongoing operations at the Moab Mill.
 - b) A riprap toe which meets the gradation requirements specified in this condition shall be provided for all placed riprap. The toe shall extend to a depth equal to the thickness of the layer, as specified in this condition, below the bottom elevation of Moab Wash.

Upon reclamation, the licensee shall upgrade the riprap upstream of Section B to a factor of safety of 1.5 as specified in the submittal dated December 3, 1979. The additional riprap required shall be placed in a manner such that, upon completion, a single riprap layer meeting the gradation requirements specified in the letter of December 3 shall result.

22. The licensee shall reclaim the tailings disposal area in accordance with Section 3.2.5, as modified by the staff in alternative 2 of Section 10.3.2 of the "Final Environmental Statement Related to Operation of Moab Uranium Mill" (NUREG-0453, dated January 1979). In addition, the licensee shall, at time of reclamation, upgrade sections of the Moab Wash riprap as specified in Condition No. 16 of this license.

Surety arrangements covering all tailings reclamation costs described in this condition shall be maintained.

24. The licensee shall submit to the U. S. NRC, Washington, DC 20555, by November 30, 1980, a copy of a bond secured from any of the companies listed by the Internal Revenue Service in Circular 570 entitled, "Surety Companies Acceptable on Federal Bonds" (current issue 38086). The bond shall be based on cost estimates for all reclamation and decommissioning activities, such as those submitted as an attachment to your letter of October 19, 1979, but with the following revisions:
- a) The basis for the cost estimates for tailings reclamation and mill and millsite decommissioning and decontamination must be the cost which an outside contractor would charge for performing the decommissioning and reclamation activities (this would include equipment costs, a reasonable profit, etc.).
 - b) Estimated costs for a one-time radiological survey to determine compliance following site decommissioning and decontamination must be included.
 - c) The one-time charge designed to cover the costs of long-term surveillance (\$308,000 - 1980 dollars), required to be deposited prior to the termination of operations, must be included.
 - d) Cost estimates for upgrading the Moab Wash riprap as specified in Condition No. 16 of this license shall be included.
 - e) Once the above items have been considered in the cost estimate, inflation which will likely occur over the years of operation preceeding the next license renewal must be factored in to arrive at the total amount of the surety.

A detailed breakdown of all costs used in arriving at the final surety amount shall be included in the November 30, 1980 submittal.

In addition, at least three months prior to any future revisions to the bond, the licensee shall submit a copy of the proposed revision, along with supporting documentation showing a breakdown of reclamation and decommissioning costs, to the Uranium Recovery Licensing Branch for review and approval.

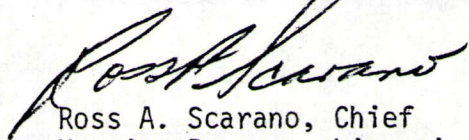
The NRC will not terminate this license until final stabilization and reclamation of the tailings area and decommissioning and decontamination of the mill meet the requirements of Conditions No. 16 and No. 22.

All other conditions of this license shall remain the same.

Please note that your tailings management practices and final reclamation plan may need to be modified subject to the conclusions of the Final Generic Environmental Impact Statement on Uranium Milling and related rulemaking. Any such changes may accordingly necessitate a change in the amount of your bond.

If you have any questions concerning this transmittal, please call either John Linehan or Pete Garcia of my staff at (301) 427-4103.

FOR THE NUCLEAR REGULATORY COMMISSION



Ross A. Scarano, Chief
Uranium Recovery Licensing Branch
Division of Waste Management

cc: E. Farley, Atlas
R. Daniels, State of Utah